CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 9, 2002

H.R. 1619
A bill to increase the limitation on capital losses applicable to individuals

As ordered reported by the House Committee on Ways and Means on October 8, 2002

SUMMARY

H.R. 1619 would amend the Internal Revenue Code of 1986 to increase the maximum allowable deduction for net capital losses for individuals, effective for tax years after 2001. Taxpayers would be able to deduct net capital losses up to $8,250 ($4,125 for married taxpayers filing separately) in tax year 2002. Thereafter, the limit would be indexed for inflation and rounded to the next highest multiple of $50. Under current law, the limit is $3,000 ($1,500 for married taxpayers filing separately) and is not indexed for inflation.

The Joint Committee on Taxation (JCT) estimates that enacting H.R. 1619 would reduce revenues by $2.1 billion in 2003 and by $23.9 billion over the 2003-2012 period. JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1619 is shown in the following table. All revenue estimates of H.R. 1619 were provided by JCT.

	By Fiscal Year, in Millions of Dollars									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CHANGES IN REVENUES										
Estimated Revenues	-2,142	-1,748	-1,849	-2,007	-2,125	-2,343	-2,525	-2,753	-2,997	-3,432

Source: Joint Committee on Taxation.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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